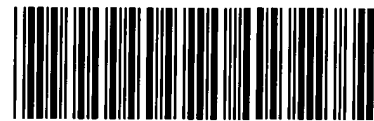




# ANNUAL REPORT 2019

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COMPANIES HOUSE

## Free Church Federal Council (Incorporated)

Email: [fcg@freechurches.org.uk](mailto:fcg@freechurches.org.uk)

Website: <https://www.freechurches.org.uk/>

27 Tavistock Square,  
London, WC1H 9HH  
Tel: 0203 651 8338

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# COMPANY INFORMATION

|                                                |                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company number                                 | 00364987                                                                                                                                                                                                                                                                                           |
| Charity number                                 | 236878                                                                                                                                                                                                                                                                                             |
| Directors / Trustees<br>(as at date of report) | Revd Dr Hugh Osgood (Moderator)<br>Revd James Breslin (Acting Convener)<br>Mr Eric Southwick (Treasurer)<br>Pastor Joshua Bandele<br>Revd Helen Cameron<br>Mrs Yvonne Campbell<br>Revd Deseta Davis<br>Major David Evans<br>Revd Trevor Howard<br>Revd Christopher Whiteley<br>Revd Daniel Yarnell |
| General Secretary                              | Revd Paul Rochester                                                                                                                                                                                                                                                                                |
| Registered Office                              | 27 Tavistock Square,<br>London, WC1H 9HH.                                                                                                                                                                                                                                                          |
| Bankers                                        | CAF Bank Limited<br>25 Kings Hill Avenue, Kings Hill,<br>West Malling, Kent, ME19 4JQ.                                                                                                                                                                                                             |
| Solicitors                                     | Ashtons Legal<br>Waterfront House, Wherry Quay,<br>Ipswich, Suffolk, IP4 1AS.                                                                                                                                                                                                                      |
| Independent Examiner                           | Mark Heaton FCCA DChA FCIE<br>K M<br>1st Floor, Block C, The Wharf,<br>Manchester Road, Burnley,<br>Lancashire, BB11 1JG.                                                                                                                                                                          |
| Fund Managers                                  | CCLA Investment Management Ltd<br>COIF Charity Funds<br>85 Queen Victoria Street, London, EC4V 4ET.                                                                                                                                                                                                |
| Property Agents                                | Curchod & Co<br>Portmore House, 54 Church Street,<br>Weybridge, Surrey, KT13 8DP.                                                                                                                                                                                                                  |

## DIRECTORS' REPORT

The Trustees present their annual report with the accounts for the year ended 31 December 2019. The accounts comply with the requirements of the Companies Act 2006, the Charities Act 2011, the Memorandum and Articles of Association, Financial Reporting Standard 102 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

## PROMOTING WITNESS IN THE PUBLIC SQUARE

### Strategic Highlights

The Free Church Federal Council (incorporated) (FCFC), through its operating arm the Free Churches Group (FCG) had a successful year in 2019. Work continued to develop changes to the structure and governance of the organisation. New directors have been elected/re-elected including three new directors who have been recruited to replace directors who resigned for personal reasons. The Board is therefore in good shape to provide the strategic direction and oversight for FCG in 2020 and beyond.

FCG held a residential for the Board, staff and Group members. This meeting was used to launch the five-years strategy for 2019 to 2023. That plan continues to focus on the Free Church voice in the public square, with a strong emphasis on Chaplaincy. The endorsement work of Prison and Healthcare chaplains therefore remains important with a wider remit to build capacity for Free Church chaplains in Higher and Further Education and other sectors. Chaplaincy is important to the Church's mission and gives opportunity for ministers and lay people to provide pastoral care to the communities they serve. In healthcare chaplaincy, for example, community chaplaincy continues to grow as there is a greater focus on healthcare in the community and homes. This move to delivering healthcare in the community is an opportunity for Free Churches to support health and wellbeing in the local community and build social and spiritual capital.

The core areas of work have continued to make good progress. The Prison and Healthcare Chaplaincy endorsements and the wider support of Free Church Chaplains are working very well. FCG Secretaries are continuing to play key roles in the developments taking place across Chaplaincy and we are looking at the how FCG's offering in this area can be coordinated more effectively.

The General Secretary and the Moderator have continued to visit Group members' conferences and synods. This is providing an opportunity to learn more about Group members and the work they are doing but also to share FCG's work programme and strategy.

The relationship with CTE has now been regularised with FCG being recognised as a member of CTE. In addition, the situation where Free Church denominations relied on their membership of CTE for FCG endorsement of Prison Chaplains has been addressed.

### The Commission on the Church and Social Cohesion

The early signs of the project have been extremely promising. Researchers from the Theos Think Tank, which is carrying out the research, have been invited to speak on BBC radio and prominent events about the research and the role of churches in social cohesion. Encouragingly, the blog series attached to the project has also attracted a great deal of interest.

## **The Commission on the Church and Social Cohesion (Continued)**

Theos has also been awarded a contract by the British Academy to carry out a companion document on faith and social cohesion based on interim findings from the research. We are conducting a series of roundtable discussions that connect policy makers, academics and faith leaders to discuss areas of common concern that are relevant to the work of the Commission.

The outputs will be a major report outlining the findings of the study and the provision of practical resources for statutory and government bodies who may wish to engage with the churches in the future. There will also be a resource to equip the churches to be more effective in fostering social cohesion through examples of good practice.

The second half of the project will involve events, communications and dissemination, which are critical to the impact of the project. We do need to raise additional external funding to supplement what we have received from the Westhill Endowment and that will be a priority at the beginning of 2020.

We have every confidence that this project will contribute to the important conversation about the role of faith in social cohesion.

### **Other business**

Consideration is being given to creating a coordinated approach to chaplaincy in the areas of health, prisons and education building on FCG's core competency. Wider engagement with chaplaincy in other sectors is also being considered.

We have made progress on the work to build stronger relationships with Government and policy advisers. Stronger links have been forged with the Ministry for Housing, Communities and Local Government, which provides a conduit between Government and our members. This has been helpful in supporting Government exercises where contributions were sought from faith and belief groups.

### **Education**

We continue to engage with the Department for Education (DfE) on a regular basis at the Faith Providers' Group meetings, and in one-to-one meetings. We provided a training session for DfE staff about the involvement of the Free Churches in education. We have supported Church of England colleagues in their provision of DfE-sponsored training addressing religious perspectives on the new requirements for Relationship and Sex Education for early-adopter schools.

We have played an active role in the discussions around the future of religious education in schools in England, engaging with the Religious Education Council's (REC) Commission on Religious Education and participating in a seminar in the House of Lords, chaired by Baroness Butler-Sloss. The Education Officer also attended meetings of the All-Party Parliamentary Group on Religious Education. The Free Churches Group is an active (and founder) member of the Religious Education Council and the Education Officer was re-elected to the REC Board for a period of 3 years, from September 2019. The Education Officer also chairs the REC's Governance Committee.

We continue to support SACREs (Standing Advisory Councils on Religious Education) by recruiting and supporting Free Church representatives, and the Education Officer attended the AGM and conference of the National Association of SACREs.

In June 2019 the Chair of the Free Church Education Committee (FCEC), Mrs Julie Grove, MBE, who had served for 12 years, retired. The Committee has an interim Chair until Summer

## Education (Continued)

2020, Professor Graham Handscomb, who has served on the FCEC as a representative of the United Reformed Church for many years.

The FCEC and its working groups have produced a number of publications to support member churches, including "Life in all its Fullness", a report on the Free Churches and schools, a paper: "Towards a Free Church vision for the place of religion in universities", information leaflets about Further and Higher Education, and a series of 4 leaflets with ideas to help churches support students in their communities.

The Education Officer has provided support to member churches, including leading a session at the United Reformed Church's Joint Discipleship Committees' residential meeting, and providing a keynote session at the chaplaincy conference organised by the Church of the Nazarene.

Mental health and wellbeing are significant concerns in our society. The Education Officer, together with Healthcare and Prison Chaplaincy colleagues, organised a day conference in October, exploring theological perspectives on mental health, and practical responses to the needs that confront churches on a daily basis. The conference generated significant interest and all the available places were filled, with attendees ranging from ministers and chaplains to pastoral leaders, youth leaders and members of congregations.

## Prison Chaplaincy

2019 has been another good year for the Free Churches Group as we have responded professionally to the needs of Prison Chaplains working across England and Wales. This year we have continued to support chaplains, prisons, and advising Her Majesty's Prison and Probation Service (HMPPS) Chaplaincy HQ. It was a particular joy to welcome during the reporting period a new Chaplain General: Ven James Ridge, into post. The appointment was welcomed by the FCG wholeheartedly and we look forward to continuing with what has always been a very productive working relationship with the Ministry of Justice through his department.

This year again we have focused on three priority areas: training and recruitment alongside HMPPS in respect of changes to employment terms for chaplains within the prison service and the faith endorsement of chaplains. In 2019, we commissioned a review into endorsement criteria for Prison Chaplains and this was concluded and published in December 2019. In doing this we continue to ensure that prisons, and prison chaplains are well supported and prepared for the challenges that they continue to meet in their very special ministry.

The Prison Service has continued to change, and with significant changes again in Government leadership these changes have had substantial effects on all those working in prisons. New staff are being recruited to the service, however the combination of new staff and increased levels of violence, both against others and against self are meaning that retention continues to be a significant issue for establishments nationally. Chaplains have seen their role becoming focused on caring, where service provision has sometimes been struggling to cope (for example in the areas of resettlement and the care of those who are self-harming). It is encouraging to see that this is being recognized nationally, and we look forward to working with partners in seeking ways to recognize this formally.

It was particularly encouraging to see a Free Church chaplain from a member denomination being nominated for the finals of Prison Officer of the Year in the category of decency. This year we have assisted in provision of in-service training for new and Managing Chaplains. We also, alongside Regents Theological College, continue to deliver Masters Level training to enable chaplains to best engage with the institutions they serve within. This training and development have been appreciated during difficult days in prisons and feedback has been

## **Prison Chaplaincy (Continued)**

particularly encouraging. Chaplains from the Free Churches in England and Wales are still particularly effective at supporting one another, recognising the need to engage effectively through the gate in order to reduce the cycle of re-offending.

## **Healthcare Chaplaincy**

The Free Churches Group Officers for Health Care Chaplaincy continued to provide a range of development opportunities through the Free Church denominations, for members to work as Health Care Chaplains in a variety of health care settings. This is achieved through the Free Church Chaplains Register, regional meetings for Free Church Chaplains and Chaplaincy Volunteers, along with an Annual Study Day. These opportunities also provide both personal and professional support on a group or individual basis. The post holders made significant contributions to the education programmes for Healthcare Chaplains at St Padarn's College, Cardiff, Guy's and St Thomas Hospital, the 'Starting out in Chaplaincy' course run by The Network for Pastoral, Spiritual and Religious care in Health, and to the development of Healthcare Chaplaincy in faiths other than Christian through the Healthcare Chaplaincy Forum. The work funded by NHS England to develop Community-based Health Care Chaplaincy has resulted in a greater awareness of the need for pastoral, spiritual and religious care in Community Healthcare settings. This combined activity serves the public good by supporting pastoral, spiritual and religious care for patients, staff and families in all NHS care settings.

## **Other Activities**

We held the Annual Lecture to support the Dissenting Deputies. The speaker this year was Revd Dr Jennifer Smith from Wesley Chapel. The topic was "Wife Beating, Worship and Public Conscience - C17<sup>th</sup> Providence Plantations and Today" which was both illuminating and thought-provoking.

Membership of the Churches Legislation Advisory Service (CLAS) and the Churches Ministerial Counselling Service (CMCS) have continued to prove useful to our Group members who don't have personal membership. FCG's representative role in this area is helpful to its smaller Group members and provides a conduit to support the information flow, in both directions, between local churches and CLAS.

We have held four Board meetings and two group meetings. In addition, there have been Free Church Committee meetings for Healthcare and Prison Chaplaincy and Education. These committees include link-directors from the FCFC (Incorporated) and representation from FCG's Group members. The Free Church committees help to shape the work for our core areas of work.

## **Human Resources**

The Secretary for Healthcare Chaplaincy, Revd Debbie Hodge, retired at the end of the year after over 15 years of service. She will be greatly missed. The Board will take a decision on the process to recruit a successor to Revd Debbie Hodge in the new year. In the meantime, Revd Meg Burton, who has been working with Revd Debbie Hodge as part of a job-share, will continue to cover the post to ensure the key objectives for Healthcare Chaplaincy are delivered and there is a smooth transition once a new Secretary for Healthcare Chaplaincy is recruited.

## **Financial Highlights**

FCG has been successful in securing funding to support some key projects. This has allowed FCG to develop good working relationships with some strategic partners.

## Looking Ahead

**“2020 is the 80<sup>th</sup> year of the Free Churches Group public witness.”**

In 2020 there will be several events to celebrate FCG's 80<sup>th</sup> Anniversary. We have already booked the Methodist Central Hall in Westminster for a service in May. There will be other events around the country. As part of this work we will be working closely with our Group members and their respective communication teams to ensure that the Anniversary celebrations are publicized to local Free Churches and our key stakeholders. We believe we have a proud history to reflect on and an exciting vision and programme for the coming years. The Commission is expected to report in Autumn 2020 and will form part of those celebrations. We believe that the Commission's outputs in terms of the 'How to Booklets' will be significant for the Church in England and those statutory bodies who wish to tap into the resource and expertise in churches plus their willingness to serve.

## Structure, Governance and Management

The Free Church Federal Council (Incorporated) is a company limited by guarantee (company number 00364987) and a registered charity (charity number 236878). The governing instrument of the charitable company is the Memorandum and Articles of Association.

The charity is the incorporated body of, and uses the working name of, the Free Churches Group (FCG), an unincorporated association, whose members are representatives of its constituent denominations who subscribe to the Doctrinal Statement of the FCG.

The members of the company are representatives of the constituent denominations who are members of the Free Churches Group, together with the officers of the FCG. They meet as "The Group Meeting" to identify the particular beliefs and values which are held in common and agree the company's objectives.

The directors (who are also trustees for the purposes of charity law) are elected by the company members, seeking the necessary financial and legal skills for the task from within the constituent denominations. They are responsible for financial policy.

The directors / trustees who served during the year were:

|                                 |                        |
|---------------------------------|------------------------|
| Pastor Joshua Bandele           |                        |
| Revd James Breslin              |                        |
| Revd Helen Cameron              | [Appointed 27.11.2019] |
| Mrs Yvonne Campbell             | [Appointed 27.11.2019] |
| Revd Deseta Davis               |                        |
| Mr Robert Dowty                 | [Retired 25.09.2019]   |
| Major David Evans               |                        |
| Revd Trevor Howard              |                        |
| Mr Geoff Lomas                  | [Retired 25.09.2019]   |
| Revd Dr Hugh Osgood (Moderator) |                        |
| Mr Eric Southwick (Treasurer)   |                        |
| Revd Christopher Whiteley       |                        |
| Dr Joseph Wood                  | [Retired 25.09.2019]   |
| Revd Daniel Yarnell             | [Appointed 27.11.2019] |

Directors meetings are chaired by the Moderator. Those new to the work of the company meet with the General Secretary to receive an orientation on the work of the FCG.

## **Structure, Governance and Management (Continued)**

The day-to-day work of the company was delegated to the General Secretary, Revd Paul Rochester, who reported directly to the Board of Directors. The officers responsible for the healthcare and prison chaplaincy, and education programmes of the FCG are supported by specialist committees to shape these areas of work.

## **Objectives and Activities**

The principal object of The Free Church Federal Council (incorporated) (FCFC) is “the advancement of the Christian religion.” The furtherance of the object takes place through the work of the Free Churches Group (FCG) by means such as evangelistic, educational, training and business activities or other meetings as deemed necessary from time to time. FCG promotes faithful witness in the public square with a focus, but not solely, on chaplaincy work in Prisons and Healthcare and faith in Education.

FCG expresses the unity in Christ that is shared by Free Churches in England and Wales by promoting fellowship, shared counsel and working together to extend Christ’s kingdom in every sphere of society. This is done whilst recognising that each Group Member remains at liberty to fulfil its own distinctive witness and mission. There are currently 24 denominations and Church groups that are members of FCG.

FCG’s core areas of work involve the fields of Healthcare and Prison Chaplaincy and faith in Education, promoting faithful witness in the public square and enabling Free Church engagement.

## **Public Benefit**

The FCG’s purpose is in the support of its member church denominations in their mission across England and Wales. In as much as this mission is founded in and seeks to express the unconditional love of God, the benefits of all that the FCG seeks to do are understood to be ‘public’ and for the benefit of the wider society. Member churches and their congregations express this through public worship and in service to the communities in which they are set. The FCG upholds a right to the freedom of expression of religious faith. This has come out of a particular historical context but finds expression afresh in the current time and is understood to have application wider than the FCG’s own membership.

The FCG’s particular engagement with education, health care, prisons and the legislative governance of the nation, amongst other things, is evidential of a commitment to wider society and a concern for public wellbeing.

Particular examples include:

- Engagement in the training of hospital chaplains and their on-going professional development contributes to the quality of a service offered to all patients and hospital staff and to ensure patient trust and safety.
- The support of SACRE representatives in local authorities serves to ensure the appropriate balance in religious education curricula.
- The developed Faith Endorsement criteria of Prison Chaplains ensures that both Public and Private Sector prisons are well served by a diverse range of professional ministers to work as Chaplains in prisons.

## Financial Review

Income derives mainly from investment returns on both listed investments and property. This is supplemented by subscriptions from member churches and other activities. In addition, specific grants have been received, for restricted purposes, to support the work in Healthcare and Prisons. Income remained comparable to previous years apart from grant income which has increased. Grants are made at the directors' discretion.

Total expenditure has been in line with that incurred in the previous year. This has resulted in a net deficit of £87,267 in the general fund which, together with a £193,481 gain on investments, has been transferred to reserves.

## Risk Review

The directors undertake each year a wide-ranging appraisal in order to identify the major risks to which the charity is exposed. Steps are taken with a view to mitigating these risks as far as is reasonably possible.

The directors are aware that the continued financial stability of the charity relies on the continued performance and growth of the charity's investments. They believe their regular review of quoted investments, aided by information from the fund managers, largely mitigates this risk as far as possible.

## Investment Powers and Policy

The investment powers of the charity are contained in the Articles of Association and include the power to appoint investment managers. The directors may invest any funds not immediately required by the charity into such securities, property and other investments as they consider greatest overall benefit to the charity, in line with the charity's objectives.

The directors' current policy is to invest in gilt edged securities or investment units with managers of common investment funds: Epworth Investment Management Limited and freehold commercial properties. Surplus funds held for the shorter term are placed in CCLA Investment Management Limited's COIF Charity Fund Deposit Account, which has consistently provided a rate of return higher than that available from a bank.

## Reserves Policy

It is the policy of the directors to ensure that the charity has adequate reserves to enable it to meet both its ongoing commitments in respect of general charitable activities and its future funding requirements. The directors have assessed this with the aim of achieving reserves equivalent to one year's on-going expenses plus any known existing and future liabilities. This would require free reserves of around £300,000. Free reserves as at 31 December 2019 stood at £234,043 (2018: £87,786).

The charitable activities are largely financed from the yield on invested reserves. It is the long-term policy of the board to maintain the real value of invested reserves and apply their annual yield (interest, dividends, rents and a proportion of any growth in value) to funding the work of the FCG. The directors consider the level of reserves at the year-end to be sufficient for the current requirements of the charity but will continue to review the overall position and policy at regular intervals.

## Independent Examiner

Mark Heaton FCCA DChA FCIE of KM, Chartered Accountants, has been appointed as the charitable company's Independent Examiner. A resolution proposing the reappointment of Mark Heaton will be put to the Annual General Meeting.

## MEMBER DENOMINATIONS

Assemblies of God  
Baptist Union of Great Britain  
Baptist Union of Wales  
Christ Apostolic Church  
Church of God of Prophecy  
Church of the Nazarene  
Churches in Communities International  
Congregational Federation  
Council of African and Caribbean Churches UK  
Countess of Huntingdon's Connexion  
Fellowship of Churches of Christ  
Free Church of England  
Free Methodist Church  
Independent Methodist Churches  
Methodist Church  
Moravian Church  
New Testament Assembly  
New Testament Church of God  
Old Baptist Union  
Presbyterian Church of Wales  
The Salvation Army  
Undeb yr Annibynwyr Cymraeg  
(Union of Welsh Independents)  
United Reformed Church  
Wesleyan Reform Union

## Statement of Directors' Responsibilities

The directors, who also act as trustees, are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors (who are also trustees for the purposes of charity law) to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- observe the methods and principles in the Charities SORP;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

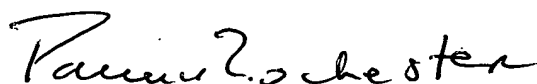
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Approval

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

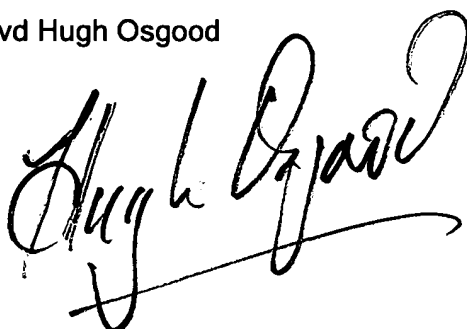
By order of the Board

General Secretary: Revd Paul Rochester



Chair of the FCFC: Revd Hugh Osgood

25<sup>th</sup> March 2020



# INDEPENDENT EXAMINER'S REPORT

I report to the charity trustees on my examination of the accounts of the company for the year ended 31<sup>st</sup> December 2019 which are set out on pages 14 to 22.

## Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

## Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Association of Charity Independent Examiners, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Mark Heaton FCCA FCIE DChA

KM Chartered Accountants  
1st Floor, Block C, The Wharf,  
Manchester Road,  
Burnley  
Lancashire  
BB11 1JG

Date: 25<sup>th</sup> March 2020

# STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account)

For the year ended 31<sup>st</sup> December 2019

|                                       | Notes | Unrestricted<br>Funds<br>2019<br>£ | Restricted<br>Funds<br>2019<br>£ | Total<br>Funds<br>2019<br>£ | Total<br>Funds<br>2018<br>£ |
|---------------------------------------|-------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>Income and endowments from:</b>    |       |                                    |                                  |                             |                             |
| <b>Donations and legacies:</b>        |       |                                    |                                  |                             |                             |
| Member church subscriptions           |       | 19,585                             | -                                | 19,585                      | 18,253                      |
| <b>Charitable activities:</b>         |       |                                    |                                  |                             |                             |
| Grants                                | 2     | -                                  | 68,000                           | 68,000                      | 136,500                     |
| <b>Other trading activities:</b>      |       |                                    |                                  |                             |                             |
| Rental income                         |       | 46,356                             | -                                | 46,356                      | 49,835                      |
| <b>Investments:</b>                   |       |                                    |                                  |                             |                             |
| UK listed investments                 |       | 58,730                             | -                                | 58,730                      | 56,666                      |
| Rental properties                     |       | 92,500                             | -                                | 92,500                      | 92,500                      |
| Other                                 |       | 147                                | -                                | 147                         | 78                          |
| <b>Other</b>                          |       |                                    |                                  |                             |                             |
| Conference Fees                       |       | 3,078                              | -                                | 3,078                       | 10                          |
| Other                                 |       | 5,941                              | -                                | 5,941                       | 8,431                       |
| <b>Total</b>                          |       | <b>226,337</b>                     | <b>68,000</b>                    | <b>294,337</b>              | <b>362,273</b>              |
| <b>Expenditure on:</b>                |       |                                    |                                  |                             |                             |
| <b>Investment management costs:</b>   |       |                                    |                                  |                             |                             |
| Property management costs             |       | 1,353                              | -                                | 1,353                       | 7,251                       |
| <b>Charitable activities</b>          |       |                                    |                                  |                             |                             |
| Grants payable                        | 3     | 1,720                              | 1,000                            | 2,720                       | 48,951                      |
| Other                                 | 3     | 281,181                            | 96,350                           | 377,531                     | 437,185                     |
| <b>Total</b>                          |       | <b>284,254</b>                     | <b>97,350</b>                    | <b>381,604</b>              | <b>493,387</b>              |
| <b>Net income / (expenditure)</b>     |       | <b>(57,917)</b>                    | <b>(29,350)</b>                  | <b>(87,267)</b>             | <b>(131,114)</b>            |
| Gains / (losses) on investment assets |       | 193,481                            | -                                | 193,481                     | (94,165)                    |
| <b>Net income / (expenditure)</b>     |       | <b>135,564</b>                     | <b>(29,350)</b>                  | <b>106,214</b>              | <b>(225,279)</b>            |
| Transfers between funds               |       | (4,000)                            | 4,000                            | -                           | -                           |
| <b>Net Movement in Funds</b>          |       | <b>131,564</b>                     | <b>(25,350)</b>                  | <b>106,214</b>              | <b>(225,279)</b>            |
| <b>Reconciliation of funds</b>        |       |                                    |                                  |                             |                             |
| Total funds brought forward           |       | 2,892,020                          | 33,015                           | 2,925,035                   | 3,150,314                   |
| <b>Total funds carried forward</b>    |       | <b>3,023,584</b>                   | <b>7,665</b>                     | <b>3,031,249</b>            | <b>2,925,035</b>            |

Company Number: 00364987

# BALANCE SHEET

As at 31<sup>st</sup> December 2019

|                                     | Notes | 2019             |                  | 2018             |                  |
|-------------------------------------|-------|------------------|------------------|------------------|------------------|
|                                     |       | £                | £                | £                | £                |
| Fixed Assets                        |       |                  |                  |                  |                  |
| Tangible assets                     | 6     | 98,670           |                  | 109,841          |                  |
| Investments                         | 7     | <u>2,789,541</u> |                  | <u>2,804,234</u> |                  |
|                                     |       |                  | 2,888,211        |                  | 2,914,075        |
| Current Assets                      |       |                  |                  |                  |                  |
| Debtors                             | 8     | 49,208           |                  | 69,940           |                  |
| Cash at bank and in hand            |       | <u>143,776</u>   |                  | <u>40,100</u>    |                  |
|                                     |       | 192,984          |                  | 110,040          |                  |
| Current Liabilities                 |       |                  |                  |                  |                  |
| Amounts falling due within one year | 9     | <u>49,946</u>    |                  | <u>99,035</u>    |                  |
| Net Current Assets                  |       |                  | 143,038          |                  | 11,005           |
| Net Assets                          |       |                  | <u>3,031,249</u> |                  | <u>2,925,080</u> |
| Funds                               |       |                  |                  |                  |                  |
| Unrestricted:                       |       |                  |                  |                  |                  |
| General unrestricted funds          | 10    |                  | 3,023,584        |                  | 2,908,565        |
| Restricted funds                    | 10    |                  | 7,665            |                  | 16,515           |
| Total Funds                         |       |                  | <u>3,031,249</u> |                  | <u>2,925,080</u> |

For the year ending 31st December 2019 the company was entitled to exemption from audit under section 476 and section 477 of the Companies Act 2006 relating to small companies. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

Directors' responsibilities:

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the Board of Directors:

Hugh Osgood  
Moderator



25<sup>th</sup> March 2020

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2019

## 1. Accounting Policies

### Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

### Donations and incoming grants

Donations and grants are accounted for when received or receivable where entitlement is demonstrable.

### Investment income

Incoming resources from investments are accounted for when receivable.

### Grants payable

Grants are made on behalf of the Department of Health to members of the Healthcare Chaplaincy Faith and Belief Group. Grants are also paid to support various work carried out by organisations on behalf of the churches on an ecumenical basis nationally. Grants are accounted for when paid or when there is an obligation to pay.

### Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the Independent Examiner's fees and costs relevant to strategic management.

### Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each tangible fixed asset over its expected useful life as follows:

|                                 |                                                     |
|---------------------------------|-----------------------------------------------------|
| Leasehold property improvements | - straight line over the period to 31 December 2031 |
| Furniture and equipment         | - 10% / 20% / 33% straight line                     |

### Investment properties

Investment properties are stated at market value. Realised and unrealised gains are included in the Statement of Financial Activities. No depreciation is provided on investment properties. This is a departure from the requirements of the Companies Act 2006 which requires all properties to be depreciated. The directors consider that to depreciate the properties would not give a true and fair view. Depreciation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown. The investment properties

### 1. Accounting Policies (continued)

are maintained to a high standard and as such their residual value is expected to be not less than their cost and therefore the depreciation is immaterial to the accounts. Impairment reviews are carried out on an annual basis by the Board. The directors consider that this accounting treatment results in the financial statements giving a true and fair view.

#### Listed Investments

Listed investments are shown at market value. Realised and unrealised gains are disclosed in the Statement of Financial Activities.

#### Funds

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general fund.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of costs.

### 2. Income and endowments from Charitable Activities: Grants

|                                                                    | 2019          | 2018           |
|--------------------------------------------------------------------|---------------|----------------|
|                                                                    | £             | £              |
| <b>Restricted Funds</b>                                            |               |                |
| Department of Health - Health Care Chaplaincy                      | 45,000        | 45,000         |
| Department of Health - Multi Faith Group re Health Care Chaplaincy | 3,000         | 45,000         |
| Methodist Church - Prison Chaplaincy                               | -             | 10,000         |
| Westhill Endowment - The Commission                                | 20,000        | 20,000         |
| Westhill Endowment - Education Project                             | -             | 16,500         |
| <b>Total</b>                                                       | <b>68,000</b> | <b>136,500</b> |

### 3. Expenditure on: Charitable Activities

|                                       | Unrestricted<br>Funds<br>2019<br>£ | Restricted<br>Funds<br>2019<br>£ | Total<br>Funds<br>2019<br>£ | Total<br>Funds<br>2018<br>£ |
|---------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>Grants payable:</b>                |                                    |                                  |                             |                             |
| Ministerial counselling service       | 1,720                              | -                                | 1,720                       | 1,580                       |
| Multi Faith Healthcare Chaplaincy Grp | -                                  | -                                | -                           | 47,371                      |
|                                       | <b>1,720</b>                       | <b>-</b>                         | <b>1,720</b>                | <b>48,951</b>               |
| <b>Direct expenditure:</b>            |                                    |                                  |                             |                             |
| General                               | 180,797                            | -                                | 180,797                     | 224,169                     |
| Health Care Chaplaincy (HCC)          | (2,781)                            | 40,819                           | 38,038                      | 87,486                      |
| Public Affairs Project                | -                                  | 24,000                           | 24,000                      | 24,000                      |
| HCC Advisors Panel                    | -                                  | 1,775                            | 1,775                       | 648                         |
| Multifaith/Faith and Belief Group     | -                                  | 13,256                           | 13,256                      | 2,787                       |
| Education officers                    | 56,137                             | 16,500                           | 72,637                      | 52,839                      |
| Prison Chaplaincy                     | 47,028                             | -                                | 47,028                      | 45,256                      |
|                                       | <b>281,181</b>                     | <b>96,350</b>                    | <b>377,531</b>              | <b>437,185</b>              |
| <b>Total</b>                          | <b>282,901</b>                     | <b>96,350</b>                    | <b>379,251</b>              | <b>486,136</b>              |

#### 4. Directors' Emoluments and Staff Costs

Staff costs during the year were:

|                       | 2019           | 2018           |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Wages and salaries    | 194,405        | 188,753        |
| Social security costs | 14,768         | 12,409         |
| Pension contributions | 17,757         | 16,139         |
| <b>Total</b>          | <b>226,930</b> | <b>217,301</b> |

No employees received remuneration greater than £60,000.

The average number of employees during the year was:

|                               | 2019     | 2018     |
|-------------------------------|----------|----------|
|                               | Number   | Number   |
| Direct charitable activities  | 4        | 4        |
| Management and administration | 2        | 2        |
| <b>Total</b>                  | <b>6</b> | <b>6</b> |

Total compensation paid to key management personnel in the year amounted to £44,695 (2018: £44,253).

Directors' emoluments, including pension benefits, amounted to £nil (2018: £nil).

Expenses reimbursed to seven (2018: six) directors for travel, subsistence and conference expenses were £4,862 (2018: £5,543).

#### 5. Net Income / (Expenditure)

Net incoming resources is stated after charging:

|                            | 2019   | 2018   |
|----------------------------|--------|--------|
|                            | £      | £      |
| Independent Examiner's Fee | 2,100  | 2,100  |
| Depreciation               | 11,171 | 11,205 |

#### 6. Tangible Fixed Assets

|                       | Furniture<br>and<br>Equipm't | Leasehold<br>Property<br>Improvem't | Total   |
|-----------------------|------------------------------|-------------------------------------|---------|
|                       | £                            | £                                   | £       |
| <b>Cost</b>           |                              |                                     |         |
| At 1 January 2019     | 24,726                       | 234,444                             | 259,170 |
| At 31 December 2019   | 24,726                       | 234,444                             | 259,170 |
| <b>Depreciation</b>   |                              |                                     |         |
| At 1 January 2019     | 17,415                       | 131,914                             | 149,329 |
| Charge for the year   | 3,283                        | 7,888                               | 11,171  |
| At 31 December 2019   | 20,698                       | 139,802                             | 160,500 |
| <b>Net Book Value</b> |                              |                                     |         |
| At 31 December 2019   | 4,028                        | 94,642                              | 98,670  |
| At 31 December 2018   | 7,311                        | 102,530                             | 109,841 |

Leasehold property improvements were effected during preceding years to the London headquarters of the company which it occupies under the terms of a lease due to expire in 2032.

## 7. Investments

|                                 | UK Listed<br>Investments<br>General<br>Funds<br>£ | Investment<br>Properties<br>General<br>Funds<br>£ | Total<br>£       |
|---------------------------------|---------------------------------------------------|---------------------------------------------------|------------------|
| <b>Market Value</b>             |                                                   |                                                   |                  |
| At 1 January 2019               | 1,654,234                                         | 1,150,000                                         | 2,804,234        |
| Increase on revaluation in year | 112,874                                           | -                                                 | 112,874          |
| Purchased in the year           | 700,000                                           | -                                                 | 700,000          |
| Redeemed in year                | (827,567)                                         | -                                                 | (827,567)        |
| At 31 December 2019             | <u>1,639,541</u>                                  | <u>1,150,000</u>                                  | <u>2,789,541</u> |
| <b>Historic Cost</b>            |                                                   |                                                   |                  |
| At 1 January 2019               | 1,320,046                                         | 667,881                                           | 1,987,927        |
| Purchased in the year           | 700,000                                           | -                                                 | 700,000          |
| Redemption in year              | (466,215)                                         | -                                                 | (466,215)        |
| At 31 December 2019             | <u>1,553,831</u>                                  | <u>667,881</u>                                    | <u>2,221,712</u> |

The UK listed investments portfolio is made up of UK fixed interest stocks and equities, all quoted/listed within the UK. Investments which made up over 5% of the value of the portfolio are as follows:

|                                               | 2019<br>% | 2018<br>% |
|-----------------------------------------------|-----------|-----------|
| COIF ethical income units                     | 84.63     | 34.75     |
| COIF fixed interest units                     | 7.68      | 7.38      |
| COIF property fund units                      | 7.69      | 7.84      |
| Epworth affirmative fund income units         | 0.00      | 47.39     |
| Epworth affirmative fund fixed interest units | 0.00      | 2.64      |

The investment properties were revalued at estimated open market value by the Directors in 2013, the directors do not believe that the market value has changed significantly since then.

## 8. Debtors

|                                | 2019<br>£     | 2018<br>£     |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 14,708        | 16,103        |
| Prepayments and accrued income | 34,500        | 53,837        |
| Total                          | <u>49,208</u> | <u>69,940</u> |

## 9. Current Liabilities: Amounts Falling Due Within One Year

|                        | 2019<br>£     | 2018<br>£     |
|------------------------|---------------|---------------|
| Accruals               | 2,142         | 2,952         |
| Deferred rental income | 10,625        | 10,625        |
| Other Creditors        | 37,179        | 85,458        |
| <b>Total</b>           | <b>49,946</b> | <b>99,035</b> |

## 10. Funds

|                                        | 01-Jan-19<br>£   | Transfers<br>between<br>funds | Income<br>£    | Expend<br>iture  | Gains /<br>(Losses) | 31-Dec-19<br>£   |
|----------------------------------------|------------------|-------------------------------|----------------|------------------|---------------------|------------------|
| <b>Unrestricted Funds:</b>             |                  |                               |                |                  |                     |                  |
| General reserve                        | 87,786           | 204,174                       | 226,337        | (284,254)        | -                   | 234,043          |
| Investment reserve                     | 1,320,046        | 233,785                       | -              | -                | -                   | 1,553,831        |
| Investment revaluation<br>reserve      | 334,188          | (441,959)                     | -              | -                | 193,481             | 85,710           |
| Property reserve                       | 667,881          | -                             | -              | -                | -                   | 667,881          |
| Property revaluation                   | 482,119          | -                             | -              | -                | -                   | 482,119          |
| <b>Total unrestricted</b>              | <b>2,892,020</b> | <b>(4,000)</b>                | <b>226,337</b> | <b>(284,254)</b> | <b>193,481</b>      | <b>3,023,584</b> |
| <b>Restricted Funds</b>                |                  |                               |                |                  |                     |                  |
| Healthcare Chaplaincy                  | 3,484            | -                             | 45,000         | (40,819)         | -                   | 7,665            |
| Healthcare Advisory                    | 1,775            | -                             | -              | (1,775)          | -                   | -                |
| Multi Faith Healthcare                 | 10,256           | -                             | 3,000          | (13,256)         | -                   | -                |
| Education                              | 16,500           | -                             | -              | (16,500)         | -                   | -                |
| Prison Chaplaincy                      | -                | -                             | -              | -                | -                   | -                |
| Prison Chaplaincy -<br>Welcome project | 1,000            | -                             | -              | (1,000)          | -                   | -                |
| The Commission                         | -                | 4,000                         | 20,000         | (24,000)         | -                   | -                |
| <b>Total restricted</b>                | <b>33,015</b>    | <b>4,000</b>                  | <b>68,000</b>  | <b>(97,350)</b>  | <b>-</b>            | <b>7,665</b>     |
| <b>Total Funds</b>                     | <b>2,925,035</b> | <b>-</b>                      | <b>294,337</b> | <b>(381,604)</b> | <b>193,481</b>      | <b>3,031,250</b> |

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as a general fund. Investments and Property assets are represented as separate funds distinguishing between cost and revaluations as these funds are not available for day to day expenditure.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of costs. During the year grants received from the Department of Health were restricted to health care chaplaincy, funding an Advisory panel and the provision of grants to other faith groups for Healthcare Chaplaincy; and a grant from the Methodist Church was restricted to the costs of prison chaplaincy.

## 11. Analysis of Net Assets Between Funds

|                            | Tangible<br>Fixed<br>Assets<br>£ | Investments<br>£ | Net<br>Current<br>Assets<br>£ | Total<br>£       |
|----------------------------|----------------------------------|------------------|-------------------------------|------------------|
| <b>Unrestricted Funds</b>  |                                  |                  |                               |                  |
| General unrestricted funds | 98,670                           | 2,789,541        | 135,373                       | 3,023,584        |
| <b>Restricted Funds</b>    | -                                | -                | 7,665                         | 7,665            |
| <b>Total Funds</b>         | <u>98,670</u>                    | <u>2,789,541</u> | <u>143,038</u>                | <u>3,031,249</u> |

## 12. Comparative Statement of Financial Activities by fund type

|                                       | Unrestricted<br>Funds<br>2018<br>£ | Restricted<br>Funds<br>2018<br>£ | Total<br>Funds<br>2018<br>£ |
|---------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| <b>Income and endowments from:</b>    |                                    |                                  |                             |
| <b>Donations and legacies:</b>        |                                    |                                  |                             |
| Member church subscriptions           | 18,253                             | -                                | 18,253                      |
| <b>Charitable activities:</b>         |                                    |                                  |                             |
| Grants                                | -                                  | 136,500                          | 136,500                     |
| <b>Other trading activities:</b>      |                                    |                                  |                             |
| Rental income                         | 49,835                             | -                                | 49,835                      |
| <b>Investments:</b>                   |                                    |                                  |                             |
| UK listed investments                 | 56,666                             | -                                | 56,666                      |
| Rental properties                     | 92,500                             | -                                | 92,500                      |
| Other                                 | 78                                 | -                                | 78                          |
| <b>Other</b>                          |                                    |                                  |                             |
| Conference Fees                       | 155                                | (100)                            | 55                          |
| Other                                 | 8,431                              | -                                | 8,431                       |
| <b>Total</b>                          | <u>225,918</u>                     | <u>136,400</u>                   | <u>362,318</u>              |
| <b>Expenditure on:</b>                |                                    |                                  |                             |
| <b>Investment management costs:</b>   |                                    |                                  |                             |
| Property management costs             | 7,251                              | -                                | 7,251                       |
| <b>Charitable activities</b>          |                                    |                                  |                             |
| Grants payable                        | 1,580                              | 47,371                           | 48,951                      |
| Other                                 | 338,483                            | 98,702                           | 437,185                     |
| <b>Total</b>                          | <u>347,314</u>                     | <u>146,073</u>                   | <u>493,387</u>              |
| <b>Net income / (expenditure)</b>     | <u>(121,396)</u>                   | <u>(9,673)</u>                   | <u>(131,069)</u>            |
| Gains / (losses) on investment assets | (94,165)                           | -                                | (94,165)                    |
| <b>Net income / (expenditure)</b>     | <u>(215,561)</u>                   | <u>(9,673)</u>                   | <u>(225,234)</u>            |
| Transfers between funds               | (4,000)                            | 4,000                            | -                           |
| <b>Net Movement in Funds</b>          | <u>(219,561)</u>                   | <u>(5,673)</u>                   | <u>(225,234)</u>            |

### 13. Related Parties and Control

The General Secretary had day to day control of the charity. The trustees have overall control of the charity.

Previously Eric Southwick & Co Charity Accountants was appointed to provide the services of Finance Officer to the charity. Eric Southwick & Co Charity Accountants is controlled by E Southwick, a director / trustee of The Free Church Federal Council (Incorporated). E Southwick declared his interest in Eric Southwick & Co Charity Accountants and was absent from discussions and took no part in the decision to appoint Eric Southwick & Co Charity Accountants. The remaining directors were satisfied that it was in the best interests of The Free Church Federal Council (Incorporated) to appoint Eric Southwick & Co Charity Accountants and did so under the authority provided within the company's Articles of Association. The cost of these services in the year was £12,000.

Previously Charis Communications was appointed to provide services to support the development of the charity's website and to increase the charity's use of social media. Charis Communications engages the services of the Rev Dr H Osgood and Rev T Howard is one of its directors, both are directors / trustees of The Free Church Federal Council (Incorporated). The Rev Dr H Osgood and Rev T Howard declared their interests in Charis Communications and were absent from discussions and took no part in the decision to appoint Charis Communications. The remaining directors were satisfied that it was in the best interests of The Free Church Federal Council (Incorporated) to appoint Charis Communications and did so under the authority provided within the company's Articles of Association. The cost of these services in the year was £4,800.